

Delivery Challenges

Priti Rao,

Associate Vice President

P. R. Ganapathy: Welcome back Ladies and Gentlemen. Our next session on client perspectives addresses issues involved with delivering solutions to clients, client satisfaction, and retention. To handle this session, I would like to introduce Ms. Priti Rao. Priti is an Associate Vice President with Infosys. Priti has a Masters in Computer Science and over 17 years of software project management experience. At present, she is the head of our Pune Development Centre, which is the largest development center in Infosys outside Bangalore where she has about a 1500 plus employees under her. She has been instrumental in the growth of several multi-million dollar clients of ours and to handle session on delivery, client retention, and flawless execution issues – Ms. Priti Rao, Associate Vice President.

Priti Rao: Thank you Ganapathy and good morning friends. It is a great pleasure to be here today to represent the delivery. The economy is going through turbulent times and my colleague Sobha has spent the last half an hour explaining to you what are the market challenges. In the next 20 minutes, I would like to share with you what are the challenges as we see from the supply side of the organization, what we call delivery in Infosys. How do we plan to thrive in chaos - Excellence in execution. This has been one of the mainstays of our business, 85% of our revenue comes from the repeat business, confirming that this excellence in execution is the way to retain and grow business. Innovation is an essential element in success. Innovation towards new ideas, new growth, new avenues of growths, we strongly believe that we need to have both breadth and depth into the services that we offer to our clients. This is possible only by continuously exploiting and exploring the new opportunities. Scaling up is about anticipating tomorrow's needs. We need to continuously scale up our capabilities. This means that we need to scale up our infrastructure, human resources, technology, and processes.

Our chairman, Mr. Murthy says, "Leadership is about making impossible possible. It is about innovation and it is about being role model to the industries and to the country". In Infosys, you are always identified, nurtured, and harnessed our strength and made them the mainstay of our business. Excellence in execution here means, excelling to meet the customer needs, and the new CIO is our customer. What is this term "*new CIO*"? The old CIO was a technology consultant. The old CIO was not in the center of decision-making. The new CIO today leverages technology for business transformation. The new CIO has to enhance business value. He needs to reduce the cycle time, the total cost of operations, and at the same time, he needs to offer predictable and high-degree of service levels. Business drives IT and IT drives business in an endless loop of improvement. Today's business problem is actually a business IT problem.

How do Infosys challenges change because of the new CIO? The new CIO drives convergence of IT and business and the role of Infosys today is to enable, support and partner with the CIO. What do we bring to the table in this situation? Previously, the CIO had very few choices. Today, CIO is inundated with number of choices. We help the new CIO to make the right decisions based on the business needs. We have two decades of experience in implementing the right technology solution on heterogeneous and homogenous platforms. We feel we are in the right position to set the direction, and at the same time, implement the suggested solution. We are truly an end-to-end solution provider.

In solution provider, we understand what is the industry. We understand what are the best business practices. We understand clearly the business processes. We have worked with spectrum of organizations, starting from fortune 500 to startups. We understand what is old, what is new. We are in a unique position where we understand both business and technology. Large relationship management is one of our strength. Take a case of one of our client who has grown due to acquisitions. This acquisition has lead to duplication of applications, complex interfaces, and multiple technologies. The left hand does not know what the right hand is doing. We have been working with them for the last one and a half years and now we are able to come up with the roadmap of future implementation. This has been largely possible because of our ability to see the large picture, because of our ability to piece together this business puzzle very quickly. We have seen how we helped the CIO enhance the business value.

Now, lets look at what the next challenge the CIO faces. Reducing cycle time and total cost of ownership (“TCO”): This effectively means that we need to help the CIO to reduce the cost of owning and running the IT infrastructure and improve the times to market. What do we bring to the table? Global delivery model – a lot has been talked about this model. In simple terms this means that by effectively using this model, we are able to improve productivity, shrink schedule, and reduce the cost, which obviously adds to reducing cycle time and reducing TCO.

Root cause analysis of any of the rework done of any software development suggests that 60% can be attributed to the poorly done requirements. In Infosys, we have several ways of reducing this rework and associated lengthening of time. We do horizontal and vertical prototypes. We use in-house developed business transformation and work called InfluxTM and we develop pictorial outlook. Today’s applications are developed in a very uncertain environment. We need to ensure that they need to meet customer’s need of functionality and performance today and scalability of tomorrow. How do we address the scalability issues? By ensuring that these issues are an integral part of the entire life cycle development. The two charts that are here indicate how over a period we have improved our productivity and reduced the defects. A later session in the afternoon by quality goes in detail as to how we achieve this, but obviously this helps to reduce cycle times and this helps to reduce the TCO.

You have seen how we helped the CIO, our new client, to enhance business value, to reduce cycle time and TCO. Now lets see how we help in to delivery predictable services. Continuous quantitative improvement is a way of life at Infosys. The CIO dashboard that you see here is provided to number of clients on a monthly basis. This example speaks for itself – 100% deliveries in time; 97% defect free deliveries. Considering the fact that this is a large relationship, where we have 400+ people working and 3000+ deliveries made over the year, these indeed are impressive numbers. The kind of metrics that we collect, analyze and share, is by itself an achievement, which very few software firms can claim. And, this is the delivery excellence that we boast about which helps our clients to deliver absolutely predictable services, absolutely high quality services. This is how we help our clients, the CIO, to meet his or her challenges.

Now, let us look at how we fuel growth through new opportunities. Expansion with key verticals, we mean the key thrust areas. We are looking at transportation and health care as additional verticals and key thrust areas. HIPAA is a new service that we plan to offer and Sobha has perhaps covered this at length. HIPAA stands for Health Insurance Portability and Accountability Act. HIPAA aims at improving health care administration and protecting customer privacy. Because of this compliance requirement, lots of health care applications are undergoing changes, and these are time bound.

A session later in the afternoon by Dr. Bala is going to cover this at length, but we have developed expertise, defined methodology, and recruited experts towards this. We continue to focus on Europe and Asia Pacific. We have opened number of sales offices in these areas. We have recruited local phase people to front-end the customers. We have been known historically for our strength in the application integration area. Hence, we are looking at system integration as a new likely service. We may also look at IT outsourcing as a new likely service. To survive, to compete and to succeed, we need to scale up our capabilities and our operations. We have been known for providing world-class infrastructure, we have a Global Development Center in Canada, and we have opened six proximity development centers, five in the US and one in UK. We have added capacity to all our local development centers. Telecommunication is like a lifeline to a company like ours – an offshore software service provider. We have increased our bandwidth tremendously.

Like Shibulal says, training at Infosys is from the cradle to grave, which means that a fresher joins Infosys, he is trained initially on the fresher-training courses, then over the next few years, he is trained on various processes, technologies which is followed by project management, which is followed again by various MDPs (Management Development Programmes) and then the leadership program. Effectively, we are trying to cover the entire career at Infosys through training. We continuously strive to attract the best and retain the best, and how we achieve this, Hema is going to cover in the next presentation, so I do not want to preempt her presentation here. We keep abreast of the technologies, we keep experimenting, assimilating, and dissimilating this knowledge for re-skilling our employees. Leaders transform reality from what it is to what it should be according to them; as leaders we have always used speed and innovation to create new ways of doing business. We have always believed in diffusing our innovation to build the industry, which means that we have openly shared our innovations, so that the industry can build on it, and we have moved to new innovations. The challenge now is to retain this leadership position. How do you do it? Unified solution providers: We offer an ideas-through-implementation service, which effectively means that we leverage our consulting group, our domain competency group and technology competency group to effectively deliver the value to our customer.

In the later session by Dr. Bala and Subbu, they are going to explain at length what this means. Learn once and use everywhere, is a motto of our knowledge management. A user-friendly portal, knowledge management process, and incentivized usage make Infosys the forerunner into effective knowledge management and reuse. You are all aware of PSPD, our business model. We continue to de-risk every dimension of our business. We take this further and apply to our projects too. We de-risk our projects. How do we do this? For every project, we identify risk and we quantify them in terms of impact; having done this, these risks are continuously monitored and mitigated by senior management.

For a growing corporation like us, it is essential to create leaders. Towards this, we have started Infosys Leadership Institute, and we are offering several leadership training at various levels. As we continue to grow, it is very important to remain agile and nimble footed. We are creating a large corporation with a soul of a small company. We achieved this by decentralizing decision-making and involvement.

Friends, I would like to summarize by saying we have processes, people, technology, money, and of course, the confidence to take Infosys to greater heights and to actually thrive in chaos. Thank you.

P. R. Ganapathy: We now have about six minutes for question and answers. The questions will be taken by Priti and Mr. S. D. Shibulal, one of the founder directors and Head of Services Delivery for Infosys.

Participant: Hi, one of the things that you said that we could get into IT outsourcing to be able to accelerate our top line growth. Sir, if you could elaborate on that, including would you use your balance sheet to take over IT assets of your clients?

Shibulal: If you look at our history for the last two to three years, we have always believed that we should increase the depth and breadth of our services. We want to capture a bigger and bigger mind share from our customer. We need to introduce more services to enter new markets. If you look at the last two to three years, you will see that we have introduced at least three or four services, for example, the IBCS, the consulting practice was started a couple of years back, an engineering service was started a few years back, then the enterprise solutions group were set up two years back. Usually, the cycle time for any of these services is about 18 months; and to a lot extent, we have perfected a methodology for doing this. It is a four-stage methodology. In fact, I had explained this two times back in the analyst meeting, it starts with conceptualizations, then goes into piloting, then defining the service or refining the service, and finally rolling it out. In many of these services, which we are talking about, we are in the conceptualizing phase. So as I said, it is an 18-month process and this is part of our regular strategy of increasing the depth and breadth of our service.

Participant: If I could ask on that, what is the concept, sorry if this is a stupid question, but I do not know what IT outsourcing is, and if you are looking at this, are you going to use your balance sheet or not?

Shibulal: It is too early to answer that question. In the IT outsourcing case, we are basically in the conceptualization phase, so until the service is to some extent defined, it is little too early to answer the question.

Participant: You have mentioned the starting up of some new practices like transportation and HIPAA. What really goes in to the creation of a practice; is it that you are telling the client what they should be doing because then this would be in the nature of consulting. On the other lower extreme is that the company tells you what they want to implement and hence the competence is really is not so much the domain but it is more in the terms of technology competence. So, could you just tell us little bit about what do you mean when you are building a new competence area?

Shibulal: Actually, in the transportation and the health care case it is more of business knowledge and expertise in the domain which comes first, in fact, in the case of health care we have recruited people who understand the health care industry in India and in abroad, so they are able to participate in the solution creation phase rather than in the solution implementation phase. As we said, we are a true end-to-end unified solution provider. So we have the capability to enter into that customer in various stages of the evolution. So if the customer is in the phase of creating solution, we will able to enter in as partner in building that solution or defining the solution and then take it to completion. If the customer has already created the solution or defined the solution, we will be starting with the implementation. But in these two segments, especially in the HIPAA, we will have the capability to participate in the definition phase.

Participant: On the system integration front, have you done any project? And what are the plans, I am not clear. What will be the service component, what are the type of projects you are looking at, and you know how would get the skill set to do it?

Shibulal: If you look at the system integration phase, traditionally we have done quite a lot of application integration. We have worked with TIBCO, we have worked as part of our enterprise solutions service, we have already worked seriously in the application integration phase for many years now. So, that is not a new area for us. What we are looking at is to enter into the new areas like network integration, audio-video-voice, network kind of integration space, and the same answer which I gave on the IT outsourcing stands; it is in the initial stages, pilots have so far not been done.

Nandan: Lets put all this in a context. Every organization has multiple horizons of growth as you know, the McKinsey formula which says that there is growth coming from a set of things that you do today, there is going to be growth coming year down the road from a set of things that you seeded last year or a year before that, and today you have to seek the growth initiatives that deliver fruits may be two to three years down the road. So, when you are talking about these initiatives, they are really at the seeding phase. The fundamental goal of being an end-to-end solutions provider, providing from idea conception to implementation, and that is going to be, obviously the bulk of the growth in the immediate time frame. So, I think we should look into the new initiative, I think we should also look at the time frame of its delivering the fruits.

P. R. Ganapathy: Thank you very much Shibu and Priti. To conclude this session on client perspectives, we have for you a short clip on CiDRA, which is a manufacturer of photonic devices for bandwidth management in optical networks. With that clip, we will conclude this session on client perspectives.
